



**AsialInfo Technologies Limited**

(Incorporated in the British Virgin Islands with limited liability)  
Stock Code: 01675

**ACCUMULATE  
FORCE**

**MARCHING  
NEW**

**CLOUD**

**5G**

**BIG DATA**

**IoT**

**A.I.**

**INTERIM REPORT  
2021**

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# DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

## DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions have the following meanings:

<b>“Audit Committee”</b>	the audit committee of the Company
<b>“Board”</b>	the board of Directors
<b>“CAICT”</b>	the China Academy of Information and Communications Technology
<b>“CG Code”</b>	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
<b>“China Mobile Group”</b>	China Mobile Limited and its subsidiaries
<b>“Company”, “AsialInfo” or “AsialInfo Technologies”</b>	AsialInfo Technologies Limited (亞信科技控股有限公司), an international business company incorporated in the British Virgin Islands on 15 July 2003 whose Shares are listed on the Stock Exchange (stock code: 1675)
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“IEEE”</b>	the Institute of Electrical and Electronic Engineers
<b>“ITU”</b>	the International Telecommunication Union
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
<b>“PRC” or “China”</b>	the People’s Republic of China
<b>“Pre-IPO Share Award Scheme”</b>	the pre-IPO restricted share award scheme of the Company
<b>“Pre-IPO Share Option Scheme”</b>	the pre-IPO share option scheme of the Company
<b>“Prospectus”</b>	the prospectus of the Company dated 6 December 2018
<b>“R&amp;D”</b>	research and development
<b>“Remuneration Committee”</b>	the remuneration committee of the Company
<b>“Reporting Period”</b>	the six months ended 30 June 2021
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

<b>“RSUs”</b>	the restricted share units
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Share(s)”</b>	ordinary share(s) of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscription”</b>	the subscription of 182,259,893 new Shares by China Mobile International Holding Limited pursuant to a subscription agreement dated 14 April 2020
<b>“TMF”</b>	the International Telecommunication Management Forum
<b>“2019 Share Option Scheme”</b>	the share option scheme adopted by the Company on 25 November 2019
<b>“2020 Share Award Scheme”</b>	the share award scheme adopted by the Company on 7 January 2020
<b>“USD” or “US\$”</b>	US dollars, the lawful currency of US
<b>“%”</b>	per cent

### GLOSSARY OF TECHNICAL TERMS

<b>“AI”</b>	artificial intelligence
<b>“BSS”</b>	business support systems, used for the management of customer information, customer business and service processes and customer related services and resources, often used together with OSS to form end-to-end comprehensive business and operation management systems for the telecom industry
<b>“DevOps”</b>	development and operation system
<b>“DSaaS”</b>	data-driven operation, namely the data-driven SaaS operation services
<b>“IT”</b>	information technology, the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data
<b>“NFV”</b>	network functions virtualisation
<b>“OSS”</b>	operations support systems, a software solution used by telecom operators for supporting their network operations, often used together with BSS to support various end-to-end telecommunications services
<b>“O domain”</b>	OSS domain
<b>“O-RAN”</b>	Open Radio Access Network
<b>“Three New businesses”</b>	consists of OSS, DSaaS and vertical industries and enterprises cloudification businesses
<b>“3GPP”</b>	3rd Generation Partnership Project
<b>“5G”</b>	the fifth-generation of mobile telecommunications technology which has higher speed and capacity and lower latency than 4G

# FINANCIAL HIGHLIGHTS

Financial data	For the six months period ended 30 June		
	2021	2020	Changes
	RMB million	RMB million	
<b>Operating revenue</b>	<b>2,715</b>	2,504	8.4%
<b>Including: Revenue from Three New businesses</b>	<b>553</b>	230	140.9%
<b>Gross profit</b>	<b>997</b>	894	11.6%
<b>Gross profit margin</b>	<b>36.7%</b>	35.7%	1.0 percentage point
<b>Net Profit</b>	<b>280</b>	233	20.2%
<b>Net profit margin</b>	<b>10.3%</b>	9.3%	1.0 percentage point
<b>Net cash used in operating activities</b>	<b>(176)</b>	(181)	(2.9%)

# CHAIRMAN'S STATEMENT

## Dear Shareholders,

In the first half of 2021, the economic society continued to recover and develop at a steady pace. A new round of technological revolution and industrial transformation characterised by digitisation, cyberisation and intelligentisation was further advanced. The digital economy has become an important engine leading the growth. As a key supporting factor of the digital economy, 5G has entered its fast development track, bringing important opportunities for the digital transformation of thousands of industries.

During the Reporting Period, AsiaInfo Technologies seized the opportunities arising from digital transformation of the economic society, and further promoted its strategic transformation, built "One consolidation" with high quality, promoted "Three developments" at a high speed, and achieved sound growth in overall performance. For "Three New" businesses, we accelerated scalable expansion, in which DSaaS business attaches equal importance to its scale and model innovation; vertical industries and enterprise cloudification business focuses on the industry and continued with its high-quality development; and the OSS business has experienced growth in its stock, increment, and improved market shares. The revenue of "Three New" businesses increased significantly by 140.9%, that accounted for over 20% of the total revenue for the first time, and orders in hand for the "Three New" businesses increased by over 150% year-on-year, indicating an accelerated development momentum. For our traditional businesses, we continued to maintain our leading position in operators market. Despite facing an impact on our schedule caused by delayed orders by customers, the Group explored business potentials vigorously and continued to improve efficiency, so that the BSS business scale remained basically stable. Furthermore, the Company has been included as a constituent stock of the MSCI China All Shares Small Cap Index, further achieving recognition in its investment value.



## CHAIRMAN'S STATEMENT

On behalf of the Board, I hereby present the interim results of the Group for the six months ended 30 June 2021 to the Shareholders.

### OVERALL RESULTS

In the first half of 2021, driven by the continuous rapid growth of the "Three New" businesses, the overall operating results of the Company still maintained a sound growth momentum. The operating revenue of the Company amounted to approximately RMB2,715 million, up by 8.4% year-on-year, and orders in hand increased by over 25% year-on-year. Among them, the revenue from the "Three New" businesses amounted to approximately RMB553 million, up by 140.9% year-on-year. The revenue of "Three New" businesses accounted for a significant increase in the total revenue, exceeding 20% for the first time. Net profit was approximately RMB280 million, representing a year-on-year increase of 20.2%, and the net profit margin was 10.3%, representing a year-on-year increase of 1.0 percentage point.

The Board, after taking into full consideration of various factors including profitability, cash flow level and capital needs for future development of the Group, has decided not to propose the declaration of the interim dividend for the Reporting Period and proposed to maintain a dividend payout ratio guidance of no less than 40% for the year of 2021.

### BUSINESS DEVELOPMENT

#### **Strong growth in DSaaS business, accounted for double-digits in percentage of revenue for the first time**

In the first half of 2021, the Company seized the development opportunities of digital industrialisation brought about by 5G and the COVID-19 epidemic, increased its efforts to expand its DSaaS business, explored the value of data information, and promoted various models such as results-based charging, sharing settlement and subscription, so as to provide assistance for customers in key industries such as operators, finance, government affairs, radio and television with precision marketing, intelligence-based operation, and improvements in quality and efficiency to achieve strong business growth. Data information security is the cornerstone and safeguard of DSaaS business development. We have always strictly followed the relevant national laws and regulations, and insisted on desensitisation during the use of data to ensure the legality and safety of data information.

Building on our collaborations in previous year, we commenced in-depth strategic cooperation with Tencent to jointly explore the government and business customer-oriented Wechat market and develop the Wechat ecology-based private traffic, with current coverage of over 1 million business managers in industries such as communications, radio and television, and finance for DSaaS tools and products based on the WeChat ecosystem, and provided access to over 200 million WeChat users, with the conversion rate of the customers' orders far exceeding those in traditional channels. In addition, we vigorously promoted the results-based charging model. The results-based charging model in an important customer group has been promoted to companies in different provinces, with settlement revenue of nearly RMB10 million in the first half of 2021.

In the first half of 2021, the revenue from the DSaaS business was approximately RMB309 million, up by 192.0% year-on-year. The revenue of DSaaS business accounted for 11.4% of the total revenue, recording a new high in both growth rate and percentage to its revenue, becoming the strongest driver of the "Three New" businesses.

## CHAIRMAN'S STATEMENT

### **Focusing on the layout of vertical industries and enterprise cloudification with continuously deepened cooperation with cloud service providers**

In the first half of 2021, the Company continued its layout in five strategic vertical industries including the finance, energy, transportation, government affairs and postal services sectors as well as enterprise cloudification market, deepened our product and capability cultivation and cooperated with strategic partners to expand customers bases, and further expanded our large corporate customers network. In the energy sector, we actively responded to the national 5G Application Implementation Plan in Energy Sector (《能源領域5G應用實施方案》), promoted the implementation of a number of typical 5G application scenarios in nuclear power, wind power, thermal power and other industries, and built industry private networks to accelerate the digital transformation of the energy industry. In the smart city sector, we focused on the close integration of data value and long-term effective operations, built an integrated capability system for construction and operation of smart city, and reached a strategic cooperation with Guangxi Beitou Xinchuang Group (廣西北投信創集團) to facilitate the construction and maintenance of "Digital Guangxi". In the cloud business sector, we continued to deepen the cooperation with mainstream cloud vendors (such as Alibaba, Tencent, Huawei, Baidu and others). During the Reporting Period, a number of projects including the State Council Information Office of the PRC, Industrial Securities, State Grid and government agencies were newly expanded due to our deepened cooperation with Alibaba Cloud; we jointly developed smart transportation with Huawei, where both parties deepened cooperations in special topics, data model in comprehensive transportation sector, and we received Huawei "CSSP-IaaS Capability Certification". We signed a strategic cooperation agreement with Tencent Cloud and became its core partner and will integrate the superior products and technical capabilities of both parties to empower each other to facilitate customers to adopt and apply cloud technology in a faster and better manner.

During the Reporting Period, the revenue from vertical industries and enterprise cloudification business of the Company amounted to approximately RMB113 million, up by 65.7% year-on-year.

### **Facilitating the "sailing" operation of 5G and maintaining leading position in operators market**

As an essential element of the economic development during the "14th Five-Year Plan" period, the accelerated development of 5G was greatly promoted by the Chinese government, and the communications industry entered into a stage of new development and transformation and upgrading once again. The Company actively responded to national calls and industry needs, and closely leveraged on the development trend of BSS & OSS integration in 5G era to enhance 5G network and application support capabilities.

For the OSS business, we expanded and upgraded 5G network intelligent products, with products and technical influence occupying a leading position in the industry. Meanwhile, we created the operators' 5G business scheduling, 5G slicing operation, NFV integrated short message gateway and many other 5G O domain benchmarking projects, accelerated the large-scale implementation and application of products such as 5G network slicing, network middle office, and CEM (customer experience management), and fully supported operators' 5G network construction and operation, customer service and experience optimisation, as well as empowered applications targeting vertical industries. In the first half of 2021, the OSS business of the Company covered more than 90 provincial and specialised companies of the operators, achieving a revenue of approximately RMB131 million, up by 135.8% year-on-year.



## CHAIRMAN'S STATEMENT

For the BSS business, although affected by factors such as delayed tempos due to deferred orders signed by telecom operators, we actively met the needs of customers for business support transformation and innovation, strived to explore business potential, and continued to improve efficiency. While strongly supporting the development of operators' 5G business, we ensured the stability of our leading position in the market. In the first half of 2021, the revenue from the BSS business of the Company still amounted to RMB2,109 million, representing a very slight decrease of 0.3% year-on-year, maintaining the basic stability of the business scale, and newly signed orders increased by more than 10% year-on-year, further ensuring the future stable development.

### **Increasing R&D investment and leading the forefront of the industry**

Adhering to the philosophy of "R&D first, innovation as priority", we continued to enhance our R&D innovation capabilities and technology-driven capabilities, created quality products with craftsmanship, and built a high-end product system of AsialInfo. Leveraging on 5G technology and empowering hundreds of industries, we have built a core product system and a full range of product and solution capabilities of AsialInfo, striving to become "a leader in 5G network intelligence, a key player in domestic IT innovation industry, an innovator in AI communications and a builder in digital intelligence middle office capacity". We help communications and vertical industry customers to carry out digital transformation and innovation, and drive the rapid development of the "Three New" businesses. In the first half of 2021, the Company invested RMB443 million in R&D efforts, representing an increase of 25.9% year-on-year.

As a leader in 5G network intelligence, we continue to develop and improve the full stack product system of 5G network intelligence, and undertake 5G network management and operation core systems for three major operators, enabling 5G to B private network products to empower vertical industries. We have set up an innovative closed-loop model from standardisation to commercialisation when enhancing our technological innovation, took part in 19 international and national technical standards organisations such as 3GPP, ITU, ETSI, IEEE, TMF, O-RAN, etc. proactively, and explored with global well-known enterprises and organisations for formulating communication industry standards and regulations, of which 44 proposals have been approved by international and domestic communication standards by way of poll.

As a key player in domestic IT innovation industry, we always hold the original faith of "independent innovation and serving the country with science and technology" in mind to continuously increase technological innovation and R&D investment in the field of products of information technology application innovation industry and promote the domestication progress of the IT software industry. For product capabilities, AntDB, the enterprise-level parallel processing relational database product self-developed by the Company and Flying Server, the middleware products were fully compatible with upstream and downstream domestic software and hardware such as Huawei Kunpeng, Loongson, Kylin and Uniontech, and are widely used in the communications, finance, energy, transportation, postal services and other industries. The independent controllable multi-cloud management OS platform of the Company was adopted by a large government-owned enterprise in the electronics industry in its domestication of cloud platform project.

## CHAIRMAN'S STATEMENT

As an innovator in AI communications, we will continue our technology innovation in the field of AI communications, and lead the development direction of AI communications technology with looking to the prospect and jointly wrote "The Next Decade of Artificial Intelligence Communications". We have launched a range of AI products, such as AI middle office, edge AI all-in-one machine, AIOps, artificial access, RPA robots process automation platform that we built into the full implementation in vertical industries. We have dominated the establishment of 3GPP 5G international standards for the first autonomous network federal learning and 3GPP SA5 international standards for classification of autonomous driving network, which helped China enhance its international technological influence. We have established the 5G Intelligence Joint Laboratory together with Tsinghua University, striving to build a national AI research centre and promote the joint collaboration in "Industry-University-Research".

As of 30 June 2021, the Group had a total of 952 software copyrights, 54 patents and 178 patent applications for various key technologies and products. During the Reporting Period, we won several international as well as domestic industry awards and honours. AIOps was included in Hype Cycle for ICT in China, 2021 (《2021年中國ICT技術成熟度曲線報告》) of Gartner and was rated as a recommended supplier for the intelligent operation and maintenance platform. We also won the national championship and outstanding award in the "China RPA+AI Developer Competition". We were ranked in the Top 20 in the "Global AI Technology Innovation Competition", and five products, including big data, RPA and blockchain were certified by the CAICT. The DevOps R&D and operation integration product passed the "Trusted Cloud · DevOps" evaluation by CAICT and received the highest level of "Advanced" Certification; the Cloud OS hybrid cloud solution passed the "Trusted Cloud · Hybrid Cloud" evaluation; the self-developed database product AntDB and the middleware product Flying Server were selected by the Information Technology Application Innovation Working Committee as technology mapping. Seven products including intelligent edge computing products for the Internet of Things and edge AI all-in-one machine, were selected in the 2021 China Brand Day Promotion Catalogue of New Domestic Products for the Electronic Information Industry (《2021年中國品牌日電子信息行業國貨新品推廣目錄》) of the China Federation of Electronics and Information Industry.

### FUTURE OUTLOOK

During the "14th Five-Year Plan" period, we will seize the development opportunities arising from "digital industrialisation development" and "industrial digital transformation", and promote the strategic transformation of "One consolidation, Three developments" unswervingly to strive to create strong growth engine of the "Three New" businesses. Meanwhile, we proactively identify investment and merger opportunities with synergy effect to jointly drive the continuous and rapid development of performance with internal development and external growth. We have full confidence about the long-term development of the Group. We will strive to make solid progress towards the goal of "achieving a business scale of over RMB10 billion, half of which comprises of the new businesses (業務規模超百億·新業務近半壁江山)" by 2025, with a view to create greater value for the country, Shareholders and customers!

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERALL OPERATING RESULTS

In the first half of 2021, the Company seized the opportunities arising from digital transformation of the economic society, and further promoted its strategic transformation, built “One consolidation” business with high quality, and promoted the “Three developments” business at a high speed. The overall performance achieved sound growth.

In the first half of 2021, our operating revenue amounted to approximately RMB2,715 million (the corresponding period in 2020: approximately RMB2,504 million), representing a year-on-year increase of 8.4%. Among which, revenue from the “Three New” businesses amounted to approximately RMB553 million (the corresponding period in 2020: approximately RMB230 million), representing a year-on-year increase of 140.9%, and accounting for approximately 20.4% of the revenue for the first time (the corresponding period in 2020: approximately 9.2%), which became an important driver for the Group’s business expansion.

In the first half of 2021, our gross profit amounted to approximately RMB997 million (the corresponding period in 2020: approximately RMB894 million), representing a year-on-year increase of 11.6%, and our gross margin amounted to approximately 36.7% (the corresponding period in 2020: approximately 35.7%), representing a year-on-year increase of 1.0 percentage point. Net profit amounted to approximately RMB280 million (the corresponding period in 2020: approximately RMB233 million), representing a significant year-on-year increase of 20.2%, and our net profit margin amounted to approximately 10.3% (the corresponding period in 2020: approximately 9.3%), representing a year-on-year increase of 1.0 percentage point. Our profitability maintained sound growth.

In the first half of 2021, the net cash used in operating activities amounted to approximately RMB176 million (the corresponding period in 2020: approximately RMB181 million), representing a decrease of net cash used in operating activities by 2.9% year-on-year. The cash flow continued to maintain a sound and stable momentum.

## OPERATING REVENUE

In the first half of 2021, the Company further deepened its strategic transformation and continued to uphold the business development strategy of “One consolidation, Three developments”. Our operating revenue amounted to approximately RMB2,715 million (the corresponding period in 2020: approximately RMB2,504 million), representing a year-on-year increase of 8.4%. Among which, revenue from the “Three New” businesses was approximately RMB553 million (the corresponding period in 2020: approximately RMB230 million), representing an increase of 140.9% year-on-year, accounting for approximately 20.4% of the revenue for the first time (the corresponding period in 2020: approximately 9.2%), which became an important driver for the Group’s business expansion.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of our operating revenue by business category, both in absolute amounts and as percentages of our total revenue, for the periods indicated:

	For the six months period ended 30 June				
	2021		2020		
	RMB'000	%	RMB'000	%	
Operating revenue					
Software business:					
Traditional businesses	<b>2,161,918</b>	<b>79.6</b>	2,274,092	90.8	
BSS	<b>2,109,399</b>	<b>77.7</b>	2,115,348	84.5	
"Three New" businesses	<b>553,350</b>	<b>20.4</b>	229,677	9.2	
DSaaS	<b>309,073</b>	<b>11.4</b>	105,830	4.2	
Vertical industries and enterprise cloudification	<b>112,910</b>	<b>4.2</b>	68,145	2.8	
OSS	<b>131,367</b>	<b>4.8</b>	55,702	2.2	
Total software business	<b>2,715,268</b>	<b>100.0</b>	2,503,769	100.0	
Network security business	—	—	377	0.0	
<b>Total</b>	<b>2,715,268</b>	<b>100.0</b>	<b>2,504,146</b>	<b>100.0</b>	

Traditional businesses include the BSS business and sales of third-party hardware and software, system integration services, business consulting services and corporate training services. Revenue from traditional businesses amounted to approximately RMB2,162 million (the corresponding period in 2020: approximately RMB2,274 million), representing a slight decrease of 4.9% year-on-year, which was mainly due to the decline in revenue from sales of third-party hardware. Specifically, revenue from the BSS business amounted to approximately RMB2,109 million (the corresponding period in 2020: approximately RMB2,115 million), representing a slight decrease of 0.3% year-on-year and maintained the overall stability.

The DSaaS business showed strong growth and achieved revenue of approximately RMB309 million (the corresponding period in 2020: approximately RMB106 million), representing a rapid year-on-year increase of 192.0%, and accounted for 11.4% of revenue. Both the growth rate and proportion of revenue recorded new highs. The rapid growth of our DSaaS business was benefited from the fact that we kept abreast of market changes, grasped the opportunities arising from digital development, and achieved scalable development through upgrading and optimising our DSaaS series products and services quickly.

## MANAGEMENT DISCUSSION AND ANALYSIS

Vertical industries and enterprise cloudification business witnessed fast development and achieved revenue of approximately RMB113 million (the corresponding period in 2020: approximately RMB68 million), representing a year-on-year increase of 65.7%. We constantly focused on sectors such as finance, energy, transportation, government affairs, postal and other industries, and strengthened cooperation with mainstream cloud vendors. We helped all industries to carry out digital transformation and achieved rapid development in the vertical industries and enterprise cloudification business scale while deepening its products and accumulating capabilities.

The OSS business enjoyed swift development and achieved revenue of approximately RMB131 million (the corresponding period in 2020: approximately RMB56 million), representing a rapid year-on-year increase of 135.8%. The rapid growth in the OSS business scale was mainly due to the commercialisation and scale expansion of OSS products achieved by operators in various provinces.

### Cost of Sales

In the first half of 2021, the cost of sales was approximately RMB1,718 million (the corresponding period in 2020: approximately RMB1,610 million), representing an increase of 6.7% year-on-year, which was mainly due to the increase in project costs resulting from the expansion of business scale.

### Gross Profit and Gross Margin

In the first half of 2021, the gross profit was approximately RMB997 million (the corresponding period in 2020: approximately RMB894 million), representing an increase of 11.6% year-on-year, and our gross margin was approximately 36.7% (the corresponding period in 2020: approximately 35.7%), representing a year-on-year increase of 1.0 percentage point and a continuous and sound profitability. The continued improvement in gross profit reflects both our business expansion and continuous efficiency improvement in project delivery as well as the continuous strategic results in the product R&D of our middle office.

### Selling and Marketing Expenses

In the first half of 2021, our selling and marketing expenses amounted to approximately RMB200 million (the corresponding period in 2020: approximately RMB163 million), representing a year-on-year increase of 22.5%, which was mainly attributable to the increase in sales activities resulting from the expansion into new business markets.

### Administrative Expenses

In the first half of 2021, our administrative expenses amounted to approximately RMB113 million (the corresponding period in 2020: approximately RMB118 million), representing a year-on-year decrease of 4.5%, which was mainly attributable to our continuous improvement in the administrative management and cost control.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Research and Development Expenses

R&D expenditures are recognised as R&D expenses in the current period according to the Group's accounting policies. In the first half of 2021, the Company continued to improve its R&D efforts and focused on supporting the development of "Three New" businesses and developing innovative products, middle office technological systems and strengthening the product layout in the IT innovation industry. Our R&D expenses amounted to approximately RMB443 million (the corresponding period in 2020: approximately RMB352 million), representing a year-on-year increase of 25.9%.

### Income Tax Expenses

In the first half of 2021, the income tax expenses amounted to approximately RMB31 million (the corresponding period in 2020: approximately RMB58 million), which was mainly attributable to the impact from the decrease in taxable income over the corresponding period.

### Net Profit

In the first half of 2021, we achieved net profit of approximately RMB280 million (the corresponding period in 2020: approximately RMB233 million), representing a year-on-year increase of 20.2%. Net profit margin was approximately 10.3% (the corresponding period in 2020: approximately 9.3%), representing an increase of 1.0 percentage point over the same period of last year. The continued improvement in net profit was resulted from a combined effect of business scale expansion, internal procedure optimisation and management improvement.

### Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (the corresponding period in 2020: nil).

### Financial Position

The financial position of the Group remained sound and healthy. As of 30 June 2021, our total assets amounted to approximately RMB8,448 million (31 December 2020: approximately RMB8,873 million). Our total liabilities amounted to approximately RMB2,863 million (31 December 2020: approximately RMB3,318 million). The net assets were approximately RMB5,585 million (31 December 2020: approximately RMB 5,555 million).

### Goodwill

The goodwill was primarily arisen from the acquisition of Linkage Technologies International Holdings Limited on 1 July 2010 for the purpose of business combination. As at 30 June 2021, our total goodwill amounted to approximately RMB1,932 million (31 December 2020: approximately RMB1,932 million). The Company appoints a professional independent valuer to conduct impairment assessment on the goodwill at the year-end annually. During the Reporting Period, we did not identify any indication of impairment for goodwill and did not record any impairment loss for goodwill.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Assets Pledged

As at 30 June 2021, deposits amounting to approximately RMB199 million (31 December 2020: approximately RMB272 million) had been pledged to secure letters of guarantee and notes payables. Such decrease over the same period of last year was mainly due to the release of the corresponding deposit margin in line with the repayment of bank borrowings.

### Borrowings

As at 30 June 2021, we had no bank borrowings (31 December 2020: approximately RMB137 million), which was mainly due to repayment of bank borrowings. The gearing ratio<sup>1</sup> was nil as at 30 June 2021 (31 December 2020: approximately 2.5%).

Note 1: Gearing ratio was calculated by dividing total bank borrowings by total equity and multiplied by 100%.

### Contingent Liabilities

As at 30 June 2021, the Group had no significant contingent liabilities (31 December 2020: nil).

### Cash Flow

In the first half of 2021, our net cash used in operating activities was approximately RMB176 million (the corresponding period in 2020: net cash used was approximately RMB181 million), representing a year-on-year decrease of 2.9%, which was mainly normal changes that occurred as a result of daily operation changes.

In the first half of 2021, our net cash generated from investing activities was approximately RMB77 million, which was mainly attributable to the release of the corresponding deposit margin in line with the repayment of bank borrowings. During the corresponding period in 2020, our net cash used in investing activities was approximately RMB139 million, which was mainly attributable to the placement of term deposits.

In the first half of 2021, our net cash used in financing activities was approximately RMB529 million, which was mainly attributable to dividend payments to Shareholders and the repayment of bank borrowings. During the corresponding period in 2020, our net cash generated from financing activities was approximately RMB170 million, which was mainly attributable to the new bank borrowings.

### Funding and Working Capital Management

Funding and liquidity are managed by the treasury department of the Group. The treasury department is responsible for the overall management and implementation of the Group's internal funding, including developing funding management policy of the Group, preparing the annual funding plan, supervising and evaluating the execution and implementation of funding plan and taking charge of the daily funding management of the members of the Group. We also adopt an intensive funding management policy and issue the administration measures on various aspects for funding management such as account management, capital budget, fund payment as well as credit and facility grants so as to ensure fund safety and improve the performance and efficiency in funding management.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Foreign Exchange Risk

Foreign exchange risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect its financial position and operating results. The foreign exchange risk facing the Group mainly comes from movements in the HKD/RMB and USD/RMB exchange rates.

As of 30 June 2021, the Group did not have foreign currency hedging activity. However, the management of the Group monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

### Significant Investments Held, Significant Acquisitions or Disposals of Subsidiaries and Related Capital Asset Acquisition or Future Plans for Significant Investments

During the Reporting Period, the Group had no significant investments held or significant acquisitions and disposals of subsidiaries. As at 30 June 2021, the Group had no clearly defined plans relating to capital asset acquisitions or significant investments, or no future plans of disposals of subsidiaries.



## OTHER INFORMATION

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding the securities transactions of the Directors. Upon specific enquiry, all Directors have confirmed that they had complied with the standards set out in the Model Code during the Reporting Period.

### AUDIT COMMITTEE

The Audit Committee has, together with the management and external auditor of the Company, reviewed the accounting principles and practices adopted by the Group and the unaudited interim results of the Group for the Reporting Period. The Audit Committee has also reviewed the effectiveness of risk management and internal control systems of the Company and believed that the risk management and internal control systems are effective and adequate.

### CHANGES IN DIRECTORS' INFORMATION

Mr. ZHANG Yichen (a non-executive Director) was appointed as an independent non-executive director, a member of the Corporate Social Responsibility Committee, the Investment Committee, and the Panel Member Selection Committee of Hong Kong Exchanges and Clearing Limited, whose shares are listed on the Stock Exchange (stock code: 0388), on 28 April 2021. Mr. ZHANG also serves as a member of the Mainland China Advisory Group (中國業務諮詢委員會) of Hong Kong Exchanges and Clearing Limited which was established on 8 July 2021.

Mr. GE Ming (an independent non-executive Director) was appointed as an independent non-executive director of China Tourism Group Duty Free Corporation Limited, whose shares are listed on the Shanghai Stock Exchange (stock code: 601888), on 31 May 2021.

Save as disclosed above, the Directors confirm that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, save for the purchase of a total of 3,326,000 Shares by the trustee on the Stock Exchange pursuant to the 2020 Share Award Scheme adopted by the Board on 7 January 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### CORPORATE GOVERNANCE PRACTICES

The Group strives to maintain high standards of corporate governance in order to safeguard the interests of its Shareholders and enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. During the Reporting Period, the Company has applied the principles of the CG Code on the Company's corporate governance structure and operations in the manner as stated in this interim report, and has complied with all applicable code provisions of the CG Code. The Company will continue reviewing and overseeing the corporate governance practices to ensure its compliance with the CG Code.

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required under Section 352 of the SFO to be recorded in the register to be kept under that section, or which would be required under the Model Code to be notified to the Company and the Stock Exchange, are as follows:

Name of Directors/ chief executive	Nature of interest (Note 1)	Number of Shares	Approximate percentage of total number of Shares in issue (Note 2)
Dr. TIAN Suning <sup>1</sup>	Beneficial owner (L)	48,932,670	5.31%
	Interest in controlled corporation (L)	1,151,111	0.12%
	Interest in controlled corporation (L)	31,209,360	3.39%
	Interest in controlled corporation (L)	39,442,000	4.28%
		<u>120,735,141</u>	<u>13.10%</u>
Mr. DING Jian <sup>2</sup>	Beneficial owner (L)	11,516,704	1.25%
	Interest in controlled corporation (L)	1,198,440	0.13%
		<u>12,715,144</u>	<u>1.38%</u>
Mr. GAO Nianshu <sup>3</sup>	Beneficiary of a trust (L)	14,520,897	1.58%
	Other (L)	8,943,216	0.97%
		<u>23,464,113</u>	<u>2.55%</u>
Mr. ZHANG Yichen <sup>4</sup>	Interest in controlled corporation (L)	213,924,952	23.22%
Dr. GAO Jack Qunyao <sup>5</sup>	Beneficial owner (L)	112,000	0.01%
Dr. ZHANG Ya-Qin <sup>5</sup>	Beneficial owner (L)	112,000	0.01%
Mr. GE Ming <sup>5</sup>	Beneficial owner (L)	112,000	0.01%
Ms. TAO Ping <sup>5</sup>	Beneficial owner (L)	112,000	0.01%

## OTHER INFORMATION

### Notes:

1. (L) — Long position; (S) — Short position.
2. As at 30 June 2021, a total of 921,468,006 Shares had been in issue.

<sup>1</sup> Dr. TIAN is the sole shareholder of Info Addition Limited which in turn is a general partner of Info Addition Capital Limited Partnership. As such, Dr. TIAN is deemed to be interested in the 1,151,111 Shares in which Info Addition Capital Limited Partnership is interested. Dr. TIAN indirectly has full control over CBC Partners II L.P. which is the general partner of China Broadband Capital Partners II, L.P. which in turn is the sole shareholder of CBC TMT III Limited. Therefore, Dr. TIAN is deemed to be interested in the 31,209,360 Shares in which CBC TMT III Limited is interested. PacificInfo Limited is wholly owned by Dr. TIAN and therefore Dr. TIAN is deemed to be interested in 39,442,000 Shares in which PacificInfo Limited is interested.

<sup>2</sup> New Media China Investment I Limited is wholly owned by Mr. DING and therefore Mr. DING is deemed to be interested in the 1,198,440 Shares in which New Media China Investment I Limited is interested.

<sup>3</sup> These interests comprise (i) 5,144,560 Shares; (ii) 3,798,656 underlying Shares in respect of the outstanding share options granted to Mr. GAO under the Pre-IPO Share Option Scheme were held by the custodian, Noble (Nominees) Limited; and (iii) the interests in 14,520,897 Shares granted to Mr. GAO under the 2020 Share Award Scheme were held by the trustee, AsiaInfo SAS Management Trust.

<sup>4</sup> Each of Power Joy (Cayman) Limited (as the controlling shareholder of Skipper Investment Limited), CITIC Capital China Partners II, L.P. (as the sole shareholder of Power Joy (Cayman) Limited), CCP II GP Ltd. (as the general partner of CITIC Capital China Partners II, L.P.), CCP Ltd. (as the general partner of CCP II GP Ltd. and the shareholder of CCP II Advisory Ltd.), CITIC Capital Partners Limited (as the sole shareholder of CCP Ltd.), CITIC Capital Holdings Limited and CP Management Holdings Limited (which hold 51% and 49% shareholding of CITIC Capital Partners Limited, respectively) and Mr. ZHANG Yichen (as the sole shareholder of CP Management Holdings Limited) is deemed or taken to be interested in all the 213,924,952 Shares which are beneficially owned by Skipper Investment Limited for the purpose of Part XV of the SFO.

<sup>5</sup> The Company granted 112,000 share options to each of Dr. GAO Jack Qunyao, Dr. ZHANG Ya-Qin, Mr. GE Ming and Ms. TAO Ping, all of whom are independent non-executive Directors, under the 2019 Share Option Scheme, respectively, details of which are set out in the announcements of the Company dated 16 June 2020 and 25 March 2021, respectively.

Save as disclosed above, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange; or which would be required to be registered in the register to be kept pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, to the best of knowledge of the Directors, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which would fall under Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which would be required to be recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Nature of interest (Note 1)	Number of Shares	Approximate percentage of total number of Shares in issue (Note 2)
Skipper Investment Limited <sup>6</sup>	Beneficial owner (L)	213,924,952	23.22%
Power Joy (Cayman) Limited <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.22%
CITIC Capital China Partners II, L.P. <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.22%
CCP II GP Ltd. <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.22%
CCP II Advisory Ltd. <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.22%
CCP Ltd. <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.22%
CITIC Capital Partners Limited <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.22%
CITIC Capital Holdings Limited <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.22%
CP Management Holdings Limited <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.22%

Notes:

- (L) — Long position; (S) — Short position.
- As at 30 June 2021, a total of 921,468,006 Shares had been in issue.

<sup>6</sup> Each of Power Joy (Cayman) Limited (as the controlling shareholder of Skipper Investment Limited), CITIC Capital China Partners II L.P. (as the sole shareholder of Power Joy (Cayman) Limited), CCP II GP, Ltd. (as the general partner of CITIC Capital China Partners II L.P.), CCP LTD (as the general partner of CCP II GP, Ltd. and the shareholder of CCP II Advisory Ltd.), CITIC Capital Partners Limited (as the sole shareholder of CCP LTD), CITIC Capital Holdings Limited and CP Management Holdings Limited (which hold 51% and 49% shareholding of CITIC Capital Partners Limited, respectively) and Mr. ZHANG Yichen (as the sole shareholder of CP Management Holdings Limited) is deemed or taken to be interested in all the Shares which are beneficially owned by Skipper Investment Limited for the purpose of Part XV of the SFO.

## OTHER INFORMATION

Name of Shareholders	Nature of interest (Note 1)	Number of Shares	Approximate percentage of total number of Shares in issue (Note 2)
China Mobile International Holdings Limited <sup>7</sup>	Beneficial owner (L)	182,259,893	19.78%
China Mobile (Hong Kong) Group Limited <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.78%
China Mobile Communications Group Co., Ltd. <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.78%
China Mobile Hong Kong (BVI) Limited <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.78%
China Mobile Limited <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.78%
Ocean Voice Investment Holding Limited <sup>8</sup>	Beneficial owner (L)	62,418,728	6.77%
Sino Venture Capital 1B <sup>8</sup>	Interest in controlled corporation (L)	62,418,728	6.77%
Sino Venture Capital 1 VCC <sup>8</sup>	Interest in controlled corporation (L)	62,418,728	6.77%
Sino Capital Management Company Ltd <sup>8</sup>	Interest in controlled corporation (L)	62,418,728	6.77%
Mr. Liao Hsueh-Hsuan <sup>8</sup>	Interest in controlled corporation (L)	62,418,728	6.77%
Sino Suisse Financial Holding Limited <sup>8</sup>	Interest in controlled corporation (L)	62,418,728	6.77%
A.M.Y. (Sinosuisse) Ltd. <sup>8</sup>	Interest in controlled corporation (L)	62,418,728	6.77%
Mr. Liu Chung Hsing <sup>8</sup>	Interest in controlled corporation (L)	62,418,728	6.77%
Ellington Investments Pte. Ltd. <sup>9</sup>	Beneficial owner (L)	52,015,608	5.64%
Bartley Investments Pte. Ltd. <sup>9</sup>	Interest in controlled corporation (L)	52,015,608	5.64%
Tembusu Capital Pte. Ltd. <sup>9</sup>	Interest in controlled corporation (L)	52,015,608	5.64%
Temasek Holdings (Private) Limited <sup>9</sup>	Interest in controlled corporation (L)	52,015,608	5.64%
Al Gharrafa Investment Company <sup>10</sup>	Beneficial owner (L)	52,015,608	5.64%
Qatar Holding LLC <sup>10</sup>	Interest in controlled corporation (L)	52,015,608	5.64%
Qatar Investment Authority <sup>10</sup>	Interest in controlled corporation (L)	52,015,608	5.64%
InnoValue Capital Ltd. <sup>11</sup>	Beneficial owner (L)	52,015,608	5.64%
Ms. LIU Tzu-Lien <sup>11</sup>	Interest in controlled corporation (L)	52,015,608	5.64%

## OTHER INFORMATION

### Notes:

1. (L) — Long position; (S) — Short position.
2. As at 30 June 2021, a total of 921,468,006 Shares had been in issue.
  
- <sup>7</sup> China Mobile International Holdings Limited is wholly owned by China Mobile Limited, which is owned as to 72.72% by China Mobile Hong Kong (BVI) Limited. China Mobile Hong Kong (BVI) Limited is wholly owned by China Mobile (Hong Kong) Group Limited, which is wholly owned by China Mobile Communications Group Co., Ltd. Hence, each of China Mobile (Hong Kong) Group Limited, China Mobile Communications Group Co., Ltd., China Mobile Hong Kong (BVI) Limited and China Mobile Limited is deemed or taken to be interested in the Shares owned by China Mobile International Holdings Limited for the purpose of Part XV of the SFO.
- <sup>8</sup> Sino Venture Capital 1B (as the sole shareholder of Ocean Voice Investment Holding Limited), Sino Venture Capital 1 VCC (as the sole shareholder of Sino Venture Capital 1B), Sino Capital Management Company Ltd (as the management shareholder of Sino Venture Capital 1 VCC) and Mr. Liao Hsueh-Hsuan (holding 99% equity interest of Sino Capital Management Company Ltd) are deemed or taken to be interested in all the Shares beneficially owned by Ocean Voice Investment Holding Limited for the purpose of Part XV of the SFO. In addition, Sino Suisse Financial Holding Limited (as the sole shareholder of Sino Suisse Capital Pte. Ltd. (as the manager of Sino Venture Capital 1 VCC)), A.M.Y. (Sinossuisse) Ltd. (holding 80% equity interest of Sino Suisse Financial Holding Limited) and Mr. Liu Chung Hsing (as the sole shareholder of A.M.Y. (Sinossuisse) Ltd.) are deemed or taken to be interested in all the Shares beneficially owned by Ocean Voice Investment Holding Limited.
- <sup>9</sup> Each of Bartley Investments Pte. Ltd. (as the sole shareholder of Ellington Investments Pte. Ltd.), Tembusu Capital Pte. Ltd. (as the sole shareholder of Bartley Investments Pte. Ltd.) and Temasek Holdings (Private) Limited (as the sole shareholder of Tembusu Capital Pte. Ltd.) is deemed or taken to be interested in all the Shares which are beneficially owned by Ellington Investments Pte. Ltd. for the purpose of Part XV of the SFO.
- <sup>10</sup> Each of Qatar Holding LLC (as the sole shareholder of Al Gharrafa Investment Company) and Qatar Investment Authority (as the sole shareholder of Qatar Holding LLC) is deemed or taken to be interested in all the Shares which are beneficially owned by Al Gharrafa Investment Company for the purpose of Part XV of the SFO.
- <sup>11</sup> Ms. LIU Tzu-Lien (as the sole shareholder of InnoValue Capital Ltd.) is deemed or taken to be interested in all the Shares which are beneficially owned by InnoValue Capital Ltd. for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2021, to the best of the Directors' knowledge, no other person (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the Reporting Period did the Company or any of its subsidiaries enter into any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.

## OTHER INFORMATION

### USE OF NET PROCEEDS FROM LISTING AND SUBSCRIPTION

#### Listing

The Shares were listed on the Stock Exchange on 19 December 2018. The net proceeds raised during the period of initial public offering (after deducting the underwriting commission and the issuance expenses from listing and prior to the exercise of the over-allotment option in January 2019) were approximately HK\$871 million. Due to the issuance and allotment of over-allotment Shares pursuant to the partial exercise of over-allotment options on 15 January 2019, additional net proceeds of approximately HK\$30.5 million were raised. The net proceeds were intended to be used in accordance with the intended purposes disclosed in the Prospectus.

The following table sets forth the details of proceeds utilised by the Group as of 30 June 2021:

	<b>Proceeds from initial public offering</b>	<b>Proceeds utilised up to 30 June 2021</b>	<b>Unutilised funds as at 30 June 2021</b>	<b>Expected timeline for unutilised funds (Note)</b>
	HK\$'000	HK\$'000	HK\$'000	
Enhance R&D capabilities and expand DSaaS, Internet of Things and 5G intelligent network business (35%)	315,547	315,547	—	
Repayment of bank loans (30%)	270,469	270,469	—	
Strategic investments and acquisitions (25%)	225,391	—	225,391	31 December 2022
Working capital and other general corporate purposes (10%)	90,156	90,156	—	
<b>Total</b>	<b>901,563</b>	<b>676,172</b>	<b>225,391</b>	

Note: The expected timeline for utilising the unutilised funds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

#### Subscription

On 14 April 2020, the Company and China Mobile International Holdings Limited entered into the subscription agreement. The Subscription was completed on 2 September 2020, raising gross proceeds and net proceeds of approximately HK\$1,385 million and approximately HK\$1,384 million, respectively. The net proceeds were intended to be used in accordance with the intended purposes disclosed in the circular of the Company dated 28 May 2020.

**OTHER INFORMATION**

The following table sets forth the details of proceeds from the Subscription utilised by the Group as of 30 June 2021:

	<b>Proceeds from the Subscription</b>	<b>Proceeds utilised up to 30 June 2021</b>	<b>Unutilised funds as at 30 June 2021</b>	<b>Expected timeline for unutilised funds (Note)</b>
	HK\$'000	HK\$'000	HK\$'000	
R&D investment on new products and new technologies and the development of the DSaaS, vertical industry and enterprises cloudification, OSS business (40%)	553,640	197,546	356,094	31 December 2022
Investment or acquisition of assets and businesses that are complementary to the Group's business and consistent with the Group's development strategy (35%)	484,435	—	484,435	31 December 2022
General working capital (inclusive of administrative purposes, sales and marketing purposes) (25%)	346,025	124,275	221,750	31 December 2022
<b>Total</b>	<b>1,384,100</b>	<b>321,821</b>	<b>1,062,279</b>	

Note: The expected timeline for utilising the unutilised funds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

**PRE-IPO SHARE OPTION SCHEME**

The Pre-IPO Share Option Scheme was approved and adopted by the Shareholders on 26 June 2018, in order to grant eligible members of the management and employees such related share-based compensation. The Pre-IPO Share Option Scheme has expired after 11:59 p.m. on the business day before the listing date. The Company will no longer grant share options under the Pre-IPO Share Option Scheme. The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary for the grant of any share options before the expiration of validity or other circumstances that may be required under the provisions of the scheme. Please refer to the Prospectus for further information on the Pre-IPO Share Option Scheme.



## OTHER INFORMATION

The particulars of outstanding options under the Pre-IPO Share Option Scheme during the six months ended 30 June 2021, including number of options, date of grant, vesting period, exercise period and exercise price, are as follows:

Grantees	Date of Grant (Note 1)	Outstanding as at 1 January 2021	Number of options exercised/lapsed during the Reporting Period		Outstanding as at 30 June 2021 (Note 3)	Exercise Price (US\$)
			Exercised (Note 2)	Lapsed		
<b>Director</b>						
GAO Nianshu	11 July 2018	800,000	—	—	800,000	1.9225
	1 August 2018	2,998,656	—	—	2,998,656	1.2725
<i>Sub-total</i>		<i>3,798,656</i>	—	—	<i>3,798,656</i>	
<b>Other employees and advisors</b>						
	11 July 2018	714,000	187,600	—	526,400	0.5525
	1 August 2018	12,000	—	4,800	7,200	0.5525
	1 August 2018	25,600	—	9,600	16,000	0.84
	11 July 2018	520,000	—	—	520,000	1.13
	1 August 2018	21,126,712	1,694,681	201,944	19,230,087	1.2725
	11 July 2018	27,581,544	—	1,151,224	26,430,320	1.9225
	1 August 2018	49,350,632	—	3,302,200	46,048,432	1.9225
<i>Sub-total</i>		<i>99,330,488</i>	<i>1,882,281</i>	<i>4,669,768</i>	<i>92,778,439</i>	
<b>Total</b>		<b>103,129,144</b>	<b>1,882,281</b>	<b>4,669,768</b>	<b>96,577,095</b>	

## Notes:

- 1) The validity period of all the options is ten (10) years from the date of grant.
- 2) The weighted average closing price of the Shares immediately before the dates of the exercise of the options was approximately HK\$12.67.
- 3) The options were fully vested.
- 4) There was no share option cancelled during the Reporting Period.

## OTHER INFORMATION

### 2019 Share Option Scheme

The eligible participants of the 2019 Share Option Scheme approved and adopted by the Shareholders on 25 November 2019 include any director(s), employee(s) or consultant(s) of the Group who the Remuneration Committee considers, in its sole discretion, has/have contributed or will contribute to the Group. For further details of the 2019 Share Option Scheme, please refer to the circular of the Company dated 4 November 2019.

Grantees	Date of grant (Note 1)	Outstanding as at 1 January 2021	Number of options granted/exercised/ lapsed during the Reporting Period			Outstanding as at 30 June 2021	Exercise Price (HK\$)
			Granted (Note 2)	Exercised (Note 3)	Lapsed		
<b>Directors</b>							
Dr. GAO Jack Qunyao	16 June 2020	112,000	—	—	—	112,000	9.56
Dr. ZHANG Ya-Qin	16 June 2020	112,000	—	—	—	112,000	9.56
Mr. GE Ming	16 June 2020	112,000	—	—	—	112,000	9.56
Ms. TAO Ping	25 March 2021	—	112,000	—	—	112,000	12.46
<b>Other employees</b>							
	16 June 2020	13,380,000	—	250,792	635,008	12,494,200	9.56
	9 June 2021	—	13,146,200	—	20,000	13,126,200	12.54
<i>Sub-total</i>		<i>13,380,000</i>	<i>13,146,200</i>	<i>250,792</i>	<i>655,008</i>	<i>25,620,400</i>	
<b>Total of all grantees</b>		<b>13,716,000</b>	<b>13,258,200</b>	<b>250,792</b>	<b>655,008</b>	<b>26,068,400</b>	

#### Notes:

- The closing prices were HK\$9.18 per Share, HK\$11.38 per Share and HK\$12.54 per Share, respectively, immediately before the respective dates of grant.
- The validity period of options is ten (10) years commencing from the date of grant. In terms of the options granted on 16 June 2020 and 25 March 2021, 50%, 20% and 30% of the options granted shall be vested on the date falling on the first, second and third anniversary from the date of grant, respectively; and in terms of the options granted on 9 June 2021, 40%, 30% and 30% of the options granted shall be vested on the date falling on the first, second and third anniversary from the date of grant, respectively. The Company has used the Binomial Model to determine the fair value of the options as at the date of grant, which is to be recorded in profit or loss over the vesting period. In terms of the options granted on 16 June 2020 and 25 March 2021, the weighted average fair value of the options granted by the Company was approximately HK\$3.51 per Share; and in terms of the options granted on 9 June 2021, the weighted average fair value of the options granted by the Company was approximately HK\$4.86 per Share. Other than the exercise price mentioned above, the model inputs to determine the fair value of options included:

## OTHER INFORMATION

	Granted on 16 June 2020	Granted on 25 March 2021	Granted on 9 June 2021
Closing price as at the date of grant	HK\$9.05	HK\$12.46	HK\$12.54
Risk free interest rate	0.53%	0.53%	1.12%
Expected dividend yield	2.5%	2.5%	2.8%
Expected volatility	49%	49%	50%

- The weighted average closing price of the Shares was approximately HK\$13.08 immediately before the date of the exercise of the options.
- There was no share option canceled during the Reporting Period.

### PRE-IPO SHARE AWARD SCHEME

Our Shareholders approved and adopted the Pre-IPO Share Award Scheme on 26 June 2018, in order to grant eligible members of the management and employees such related share-based compensation. The Pre-IPO Share Award Scheme has expired after 11:59 p.m. on the business day before the listing date. The Company will no longer grant restricted share awards under the Pre-IPO Share Award Scheme. The provisions of the Pre-IPO Share Award Scheme shall remain in full force and effect to the extent necessary for the grant of any Pre-IPO share awards before expiration of validity or other circumstances that may be required under the provisions of the scheme. Please refer to the Prospectus for further information on the Pre-IPO Share Award Scheme. The weighted average grant date fair value is US\$1.21.

Name of grantee of RSUs	Number of Shares in relation to outstanding RSUs		Number of Shares in relation to outstanding RSUs	
	as at 1 January 2021	RSUs vested during the Reporting Period	RSUs lapsed during the Reporting Period	as at 30 June 2021
<b>Director</b>				
GAO Nianshu	466,792	466,792	—	—
<b>Other employees (in total)</b>	3,103,348	3,100,708	2,640	—
<b>Total of all grantees</b>	3,570,140	3,567,500	2,640	—

### 2020 Share Award Scheme

On 7 January 2020, the Board adopted the 2020 Share Award Scheme for the purposes of (i) recognising the contributions and to fully motivate the potential and vitality of talents of the eligible persons; and (ii) encouraging the eligible persons to continue contributing to the long-term growth and development of the Group. Subject to the criteria and conditions of the 2020 Share Award Scheme, any core management personnel whom the Board or the Remuneration Committee or their respective delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award.

**OTHER INFORMATION**

According to the 2020 Share Award Scheme, the Company may transfer to the trustee the necessary funds and instruct the trustee to acquire Shares through market transactions at the prevailing market price or through the over-the-counter markets at the price determined by the Company, so as to satisfy the awards. During the Reporting Period, the trustee purchased a total of 3,326,000 Shares on the Stock Exchange.

For further details of the 2020 Share Award Scheme, please refer to the announcements of the Company dated 8 January 2020 and 27 February 2020, respectively.

<b>Grantee</b>	<b>Number of Award Shares not yet vested as at 1 January 2021</b>	<b>Number of Award Shares granted during the Reporting Period</b>	<b>Number of Award Shares vested during the Reporting Period</b>	<b>Number of Award Shares lapsed during the Reporting Period</b>	<b>Number of Award Shares not yet vested as at 30 June 2021</b>
<b>Directors</b>					
GAO Nianshu	—	4,840,299	—	—	4,840,299
<b>Other employees (in total)</b>	1,400,000	10,420,150	—	225,000	11,595,150
<b>Total of all grantees</b>	1,400,000 <sup>1</sup>	15,260,449 <sup>2</sup>	—	225,000	16,435,449

Notes:

- 1) The vesting period shall commence from the date of grant (i.e. 30 December 2020) and end on the three years period from the date of grant. For further details, please refer to the announcement of the Company dated 30 December 2020.
- 2) The vesting period shall commence on the date which is one year from the date of grant (i.e. 26 May 2021) and end on the date which is three years from the date of grant. For further details, please refer to the announcement of the Company dated 26 May 2021.

**EMPLOYMENT MANAGEMENT**

During the Reporting Period, the Group had strictly complied with the Labor Law of the PRC and the Labor Contract Law of the PRC and other applicable laws and regulations. The labor contracts were entered into on an equal and voluntary basis in order to protect the rights of both employees and employers and build an equal labor relationship. Meanwhile, the Group has strictly complied with the Provisions on the Prohibition of Using Child Labor and will not employ child labor under any circumstances. As of 30 June 2021, the total number of employees of the Group was 12,740 (31 December 2020: 13,216).

## OTHER INFORMATION

### REMUNERATION AND BENEFITS

The staff remuneration mechanism consists of salary and annual bonuses. The Group will pay pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund according to law. In addition, the Group provides life and medical insurance, supplemental insurance benefits, health checks, holidays and various kinds of benefits.

### PERFORMANCE MANAGEMENT AND STAFF DEVELOPMENT

To ensure the fulfillment of the strategic development goals of the Company, the Group continues to improve the performances of the Group and the staff by way of performance management, and facilitates continuous development of the staff's capabilities. Through position promotion measures, the Group effectively identifies potential talents and creates a career development platform for its employees. Aiming at enhancing the core competitiveness of the Group and cultivating excellent teams of employees and managers, the Group provides diverse opportunities of education and training in line with the business growth needs and the staff's career development.

### EVENTS AFTER THE REPORTING PERIOD

No major subsequent events affecting the Group have occurred since the end of the Reporting Period and up to the date of this interim report.

### RETIREMENT BENEFIT SCHEME

According to the PRC's regulations, the Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Incorporate in the British Virgin Islands with Limited Liability)



TO THE BOARD OF DIRECTORS OF ASIAINFO TECHNOLOGIES LIMITED

## INTRODUCTION

We have reviewed the accompanying interim financial report set out on pages 30 to 50 which comprises the condensed consolidated statements of financial position of Asialfno Technologies Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) as of 30 June 2021 and the related condensed consolidated statements of profit or loss and other comprehensive income and condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows for the six month period ended 30 June 2021 and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with HKAS 34.

### KPMG

*Certified Public Accountants*

8th Floor, Prince’s Building  
10 Chater Road  
Central, Hong Kong

9 August 2021

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
<b>Revenue</b>	4	<b>2,715,268</b>	2,504,146
<b>Cost of sales</b>		<b>(1,718,032)</b>	(1,610,482)
Gross profit		<b>997,236</b>	893,664
Other income	5	<b>88,785</b>	52,986
Impairment losses under expected credit loss model, net of reversal	13	<b>(14,754)</b>	(5,827)
Other gains and losses		<b>810</b>	1,458
Selling and marketing expenses		<b>(199,905)</b>	(163,242)
Administrative expenses		<b>(112,965)</b>	(118,336)
Research and development expenses		<b>(442,502)</b>	(351,533)
Share of results of associates		—	(976)
Impairment losses on associates		—	(6,680)
Finance costs		<b>(5,907)</b>	(11,390)
<b>Profit before tax</b>		<b>310,798</b>	290,124
Income tax expenses	6	<b>(31,259)</b>	(57,557)
<b>Profit for the period</b>	7	<b>279,539</b>	232,567
<b>Other comprehensive income for the period</b>		—	—
<b>Total comprehensive income for the period</b>		<b>279,539</b>	232,567
<b>Profit for the period/total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		<b>279,772</b>	232,567
Non-controlling interests		<b>(233)</b>	—
<b>Earnings per share</b>			
— Basic (RMB)	9	<b>0.30</b>	0.32
— Diluted (RMB)	9	<b>0.30</b>	0.32

The accompanying notes on pages 35 to 50 form part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2021 RMB'000	31 December 2020 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	10	285,779	293,224
Right-of-use assets	10	246,237	257,534
Intangible assets		4,517	3,818
Goodwill		1,932,246	1,932,246
Deferred tax assets	11	110,533	133,111
Pledged bank deposits		757	8,737
Term deposits		550,000	240,000
Other non-current assets		17,678	17,088
		<b>3,147,747</b>	2,885,758
<b>Current assets</b>			
Inventories		582	392
Trade and notes receivables	12	950,713	941,957
Prepayments, deposits and other receivables		311,171	114,386
Contract assets		1,803,069	1,722,485
Financial assets at fair value through profit or loss ("FVTPL")		875,501	1,103,800
Amounts due from related parties	18	15,787	10,233
Pledged bank deposits		198,514	263,067
Term deposits		90,000	140,923
Bank balances and cash		1,054,626	1,690,151
		<b>5,299,963</b>	5,987,394
<b>Current liabilities</b>			
Trade and notes payables	14	281,227	149,454
Contract liabilities		287,289	393,371
Other payables, deposits received and accrued expenses		1,768,227	2,063,218
Amounts due to related parties	18	9,160	9,154
Income tax payable		238,430	278,420
Bank borrowings		—	137,023
Lease liabilities		49,717	46,201
		<b>2,634,050</b>	3,076,841
<b>Net current assets</b>		<b>2,665,913</b>	2,910,553
<b>Total assets less current liabilities</b>		<b>5,813,660</b>	5,796,311

The accompanying notes on pages 35 to 50 form part of this interim financial report.



**CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**As at 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
<b>Non-current liabilities</b>			
Deferred tax liabilities	11	<b>123,062</b>	123,205
Lease liabilities		<b>105,917</b>	117,658
		<b>228,979</b>	240,863
<b>NET ASSETS</b>		<b>5,584,681</b>	5,555,448
<b>CAPITAL AND RESERVES</b>			
Share capital	15	—	—
Reserves		<b>5,584,914</b>	5,555,448
Equity attributable to equity holders of the Company		<b>5,584,914</b>	5,555,448
Non-controlling interests		<b>(233)</b>	—
<b>TOTAL EQUITY</b>		<b>5,584,681</b>	5,555,448

Approved and authorised for issue by the board of directors on 9 August 2021.

**Dr. TIAN Suning**  
DIRECTOR**Mr. GAO Nianshu**  
DIRECTOR

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity holders of the Company							Non-controlling interests RMB'000	Total equity RMB'000	
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Translation capital reserve RMB'000	Statutory surplus reserve RMB'000 (Note i)	Other reserves RMB'000	Retained profits RMB'000			Sub-total RMB'000
<b>At 1 January 2021</b>	—	2,115,627	285,200	(15,129)	180,809	1,571,420	1,417,521	5,555,448	—	5,555,448
Profit and total comprehensive income for the period	—	—	—	—	—	—	279,772	279,772	(233)	279,539
Recognition of equity-settled share-based payments	—	—	—	—	—	30,884	—	30,884	—	30,884
Lapse of share options and restricted stock units	—	—	—	—	—	(15,136)	15,136	—	—	—
Vesting of restricted stock units	—	29,599	—	—	—	(29,599)	—	—	—	—
Exercise of share options	—	24,332	—	—	—	(7,630)	—	16,702	—	16,702
Purchase of Shares for share award scheme (note 16)	—	(36,558)	—	—	—	—	—	(36,558)	—	(36,558)
Dividends declared in respect of the previous year (note 8)	—	—	—	—	—	—	(261,334)	(261,334)	—	(261,334)
<b>At 30 June 2021</b>	—	2,133,000	285,200	(15,129)	180,809	1,549,939	1,451,095	5,584,914	(233)	5,584,681
<b>At 1 January 2020</b>	—	997,954	285,200	(15,129)	176,247	1,545,848	917,083	3,907,203	—	3,907,203
Profit and total comprehensive income for the period	—	—	—	—	—	—	232,567	232,567	—	232,567
Recognition of equity-settled share-based payments	—	—	—	—	—	40,002	—	40,002	—	40,002
Lapse of share options and restricted stock units	—	—	—	—	—	(7,830)	7,830	—	—	—
Vesting of restricted stock units	—	20,820	—	—	—	(20,820)	—	—	—	—
Exercise of share options	—	6,789	—	—	—	(2,558)	—	4,231	—	4,231
Purchase of Shares for share award scheme (note 16)	—	(32,079)	—	—	—	—	—	(32,079)	—	(32,079)
Dividends declared in respect of the previous year (note 8)	—	—	—	—	—	—	(168,936)	(168,936)	—	(168,936)
<b>At 30 June 2020</b>	—	993,484	285,200	(15,129)	176,247	1,554,642	988,544	3,982,988	—	3,982,988

Note:

- (i) In accordance with the articles of association of all subsidiaries established in the PRC, the PRC subsidiaries are required to set aside 10% of their profit after tax as per statutory financial statements determined under the PRC laws and regulations for the statutory surplus reserve fund until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity holders of the subsidiaries. The statutory surplus reserve can be used to make up previous years' losses, expand the existing operations or convert into additional capital of the respective subsidiaries.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
<b>Net cash used in operating activities</b>		<b>(175,924)</b>	(181,108)
<b>Investing activities</b>			
Purchases of property, plant and equipment		(13,394)	(12,149)
Purchases of intangible assets		(1,779)	(2,781)
Purchases of financial assets at fair value through profit or loss		(1,131,594)	(420,000)
Proceeds on disposal of property, plant and equipment		1,149	271
Proceeds on disposal of financial assets at fair value through profit or loss		1,382,024	425,948
Proceeds on disposal of investment in associates		15,000	—
Placement of pledged bank deposits		(360,356)	(509,199)
Withdrawal of pledged bank deposits		432,889	355,152
Placement of term deposits		(450,000)	(149,400)
Withdrawal of term deposits		189,975	170,000
Interest received		12,777	9,251
Others		—	(6,073)
<b>Net cash generated from (used in) investing activities</b>		<b>76,691</b>	(138,980)
<b>Financing activities</b>			
Repayment of bank borrowings		(134,308)	(495,167)
New bank borrowings raised		—	898,057
Capital element of lease rentals paid		(32,592)	(25,980)
Interest element of lease rentals paid		(4,539)	(2,346)
Borrowing interest paid		(912)	(8,234)
Proceeds from issue of Shares under share option schemes		7,128	3,950
Purchase of Shares for share award scheme	16	(36,558)	(32,079)
Dividend paid	8	(263,080)	(154,907)
Other cash flows arising from financial activities		(64,566)	(13,507)
<b>Net cash (used in) generated from financing activities</b>		<b>(529,427)</b>	169,787
<b>Net decrease in cash and cash equivalents</b>		<b>(628,660)</b>	(150,301)
<b>Cash and cash equivalents at 1 January</b>		<b>1,690,151</b>	1,810,591
Effect of exchange rate changes		(6,865)	(1,446)
<b>Cash and cash equivalents at 30 June represented by bank balances and cash</b>		<b>1,054,626</b>	1,658,844

The accompanying notes on pages 35 to 50 form part of this interim financial report.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 1 GENERAL INFORMATION

AsialInfo Technologies Limited (the “**Company**”) is incorporated in the British Virgin Islands (“**BVI**”) as a company with limited liability and its Shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 19 December 2018.

The Company is an investment holding company. The principal activities of the Group are provision of software products and related services.

## 2 BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with HKAS 34 Interim financial reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure provisions to the Listing Rules. It was authorised for issue on 9 August 2021.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (together, the “**Group**”) since the 2020 annual financial statements. They do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

This condensed consolidated financial statements are unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG’s independent review report to the Board of Directors of the Company is included on page 29.

## 3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### Application of new and amendments to HKFRSs

The HKICPA have issued the following amendments to HKFRSs and HKASs that are first effective for the current accounting period of the Group:

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4 REVENUE

The Group's revenue is primarily generated from project-based software development contracts, under which the Group develops software products and provides services at fixed prices and/or variable prices. Revenue is recognised net of sales related taxes.

#### Disaggregation of revenue

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<i>Timing of revenue recognition</i>		
At a point in time	24,976	108,475
Over time	2,690,292	2,395,671
	<b>2,715,268</b>	2,504,146
<i>Types of goods and services</i>		
Provision of services	2,690,860	2,395,904
Software and data-driven operation services	2,643,372	2,345,024
Others <sup>(i)</sup>	47,488	50,880
Sales of goods	24,408	108,242
	<b>2,715,268</b>	2,504,146

Note:

- (i) Others represent revenue primarily generated from the provision of system integration services, business consulting services and corporate training services.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 REVENUE (Continued)

#### Segment information

The Group makes resources allocation decisions based on internal management functions and assesses the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

The Group's operations are in the PRC. Substantially all revenue of the Group and non-current assets of the Group are generated from and located in the PRC. Information about the Group's revenue from external customers is presented based on the location of the signing parties of the sales or service contracts.

### 5 OTHER INCOME

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Government grants <sup>(i)</sup>	28,218	20,130
Net gains on disposal of financial assets <sup>(ii)</sup>	17,695	5,948
Gain from additional input VAT credit	10,418	5,351
Interest income from term deposit	10,276	5,799
Changes in fair value of financial assets at FVTPL	7,346	—
Bank interest income	6,471	7,475
Income from management support services <sup>(iii)</sup>	4,174	4,259
Others	4,187	4,024
	<b>88,785</b>	<b>52,986</b>

#### Notes:

- i) During the six months ended 30 June 2021, government grants amounted to RMB24,790,000 (2020: RMB18,620,000) are related to the support of high-tech industrial development. Government grants amounted to RMB3,428,000 (2020: RMB1,510,000) are related to environment protection and human resources related subsidies. The amounts have been recognised as other income, and there was no unfulfilled condition attached to these government grants in the period in which they were recognised.
- ii) The financial assets represent the financial products bought from bank, with no principal or return guaranteed.
- iii) Income from management support services represents income generated primarily from the provision of administration management services and human resources services to the Group's related parties.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 6 INCOME TAX EXPENSES

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current tax:		
PRC enterprise income tax ("EIT") — Current year	12,557	42,923
Deferred tax (note 11)	22,435	14,634
	<u>34,992</u>	<u>57,557</u>
Over provision in prior year:		
PRC EIT	(3,733)	—
	<u>31,259</u>	<u>57,557</u>

Under the Law of the PRC on enterprise income tax (the "EIT Law") and implementation regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the six months ended 30 June 2021 (2020: 25%).

The Group's subsidiaries operating in the PRC are eligible for certain tax credits of 175% deduction rates on certain research and development expenses for the six months ended 30 June 2021 (2020: 175%).

On 9 August 2012, the Ministry of Industry and Information Technology of the PRC, the Ministry of Finance of the PRC and the State Taxation Administration promulgated and implemented Trial Measures for the Administration over the Certification of Key Software Enterprises and Integrated Circuit Design Enterprises under the State Planning ("Cai Shui 2012 NO. 2413"), pursuant to which key software enterprises under the State Planning layout could go through tax reduction procedures with the relevant tax authorities to enjoy preferential tax policies.

During the six months ended 30 June 2021 and 2020, two of the Company's subsidiaries, including AsialInfo Technologies (China), Inc. ("AsialInfo China") and AsialInfo Technologies (Nanjing), Inc. ("AsialInfo Nanjing"), were identified as the key software enterprises with tax privileges and entitled to a preferential EIT rate of 10%, pursuant to the designation as a key software enterprise under the State Planning. Such tax preference was applied and entitled by performing the record filling to the tax authorities on a yearly basis. The Directors consider that AsialInfo China and AsialInfo Nanjing will re-apply for such tax preference provided that its business operations will continue to be qualified as key software enterprises.

Pursuant to the EIT Policy of Integrated Circuit Design Enterprises and Software Enterprises, Hunan AsialInfo Software Co., Ltd. could enjoy the exemption of EIT in the first two profitable years and will be entitled to a preferential income tax rate of 12.5% from 2020 to 2022. Nanjing AsialInfo Software Co., Ltd. could enjoy the exemption of EIT from 2019 to 2020, and will be entitled to a preferential EIT rate of 12.5% from 2021 to 2023.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 6 INCOME TAX EXPENSES (Continued)

Hangzhou AsialInfo Cloud Information Technology Co., Ltd (“**Hangzhou Cloud**”) was designated as “High and New Technology Enterprise” in 2019 for a period up to 31 December 2021. As a result, Hangzhou Cloud is entitled to a preferential income tax rate of 15% in 2021 (2020: 15%). Beijing AsialInfo Smart Big Data Co., Ltd. and Guangzhou AsialInfo Technology Co., Ltd. were designated as “High and New Technology Enterprise” in 2020, and they are entitled to a preferential income tax rate of 15% from 2020 to 2022.

Pursuant to the rules and regulations of the BVI, the Company is not subject to any income tax in the BVI.

### 7 PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Staff costs, including directors' remuneration		
Directors' remuneration	7,481	6,218
Employee benefit expenses		
Other staff costs (salaries, wages, allowance, bonus and others)	1,527,565	1,478,454
Contribution to retirement benefits scheme	153,535	51,563
Share-based compensation expenses	26,869	37,241
Total staff costs	1,715,450	1,573,476
Cost of inventories recognised as expenses (included in cost of sales)	22,958	104,539
Depreciation of property, plant and equipment	17,367	16,913
Depreciation of right-of-use assets	34,275	32,043
Amortisation of intangible assets	1,080	6,282
Expense of short-term and low value lease	24,499	31,177



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 8 DIVIDENDS

Dividends payable to equity holders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$34.5 cents per Share (2020: HK\$25.2 cents per Share)	<b>261,334</b>	168,936

For the six months ended 30 June 2021, the Company declared the dividends of HK\$317,611,000 (equivalent to RMB261,334,000) to the equity holders of the Company (2020: HK\$183,744,000 (equivalent to RMB168,936,000)).

For the six months ended 30 June 2021, the dividends of HK\$316,171,000 (equivalent to RMB263,080,000) were paid by cash (2020: HK\$169,587,000 (equivalent to RMB154,907,000)).

### 9 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per Share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>Earnings:</b>		
Earnings for the purpose of calculating basic and diluted earnings per Share	<b>279,772</b>	232,567
<b>Number of Shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per Share	<b>919,097,453</b>	728,446,412
Effect of dilutive potential ordinary shares: share options and restricted stock units ("RSUs")	<b>7,614,013</b>	6,024,930
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per Share	<b>926,711,466</b>	734,471,342

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 9 EARNINGS PER SHARE (Continued)

The calculation of basic earnings per Share for the six months periods ended 30 June 2021 and 2020 was based on the profit for the period attributable to the ordinary equity holders of the Company.

The calculation of the number of Shares for the purpose of basic earnings per Share for the six months periods ended 30 June 2021 and 2020 has taken into account the issuance of Shares with regard to the exercise and vesting of share options and RSUs, and purchasing of Shares in 2021 and 2020.

The computation of diluted earnings per Share for the six months ended 30 June 2021 did not assume the exercise of the share options under the 2014 stock incentive plan, part of the share options under Pre-IPO Share Option Scheme and the share options under the share option scheme adopted on 25 November 2019 since the exercise prices of those share options were higher than the average market price of the Shares.

The computation of diluted earnings per Share for the six months ended 30 June 2020 did not assume the exercise of the share options under the 2014 stock incentive plan and part of the share options under Pre-IPO Share Option Scheme since the exercise prices of those share options were higher than the average market price of the Shares.

### 10 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

During the current interim period, the Group incurred expenditure on leasehold improvements and furniture, fixtures and equipment with a cost of RMB10,937,000 and disposed of certain assets of leasehold improvements and furniture, fixtures and equipment with an aggregate carrying amount of RMB1,015,000 for cash proceeds of RMB1,149,000, resulting in a gain on disposal of RMB134,000. During the six months ended 30 June 2020, the Group purchased assets for leasehold improvement, vehicle and furniture, fixtures and equipment amounting to RMB12,158,000 and disposed of certain assets of leasehold improvements and furniture, fixtures and equipment with an aggregate carrying amount of RMB28,000 for cash proceeds of RMB271,000, resulting in a gain on disposal of RMB243,000.

During the current interim period, the Group entered into several new lease agreements for the use of buildings ranging from one year to four years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised RMB24,632,000 of right-of-use asset and RMB24,632,000 of lease liability (six months ended 30 June 2020: right-of-use asset was RMB118,779,000, lease liability was RMB111,880,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 11 DEFERRED TAX ASSETS AND LIABILITIES

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and preceding interim periods:

	Impairment losses RMB'000	Accrued payroll and welfare RMB'000	Accrued expenses RMB'000	ROU assets and lease liabilities RMB'000	Undistributed profits of the PRC subsidiaries RMB'000	Intangible assets RMB'000	Total RMB'000
As at 31 December 2020	8,471	113,410	11,230	(741)	(122,464)	—	9,906
Credited (charged) to profit or loss	1,311	(19,675)	(4,214)	143	—	—	(22,435)
At 30 June 2021	9,782	93,735	7,016	(598)	(122,464)	—	(12,529)
As at 31 December 2019	5,326	118,940	11,550	(50)	(122,464)	(519)	12,783
Credited (charged) to profit or loss	159	(7,842)	2,525	(708)	(9,287)	519	(14,634)
At 30 June 2020	5,485	111,098	14,075	(758)	(131,751)	—	(1,851)

For the purposes of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Deferred tax assets	110,533	133,111
Deferred tax liabilities	(123,062)	(123,205)
	(12,529)	9,906

Deferred tax assets are recognised if it is probable that all of the deferred tax assets will be realised through the recovery of taxes previously paid and/or future taxable income. The directors of the Company have reviewed the deferred tax assets of the Group at the end of the six months ended 30 June 2021 and considered that it is probable that the deferred tax assets of the Group will be realised through future taxable income based on directors' assessment of the probability that taxable profits will be available over the years which the deferred tax assets can be realised or utilised.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 12 TRADE AND NOTES RECEIVABLES

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Notes receivables	<b>68,373</b>	76,562
Trade receivables	<b>943,468</b>	913,583
Amounts due from third parties	<b>391,961</b>	320,740
Amounts due from related parties	<b>551,507</b>	592,843
Less: allowance for credit losses	<b>(61,128)</b>	(48,188)
	<b>950,713</b>	941,957

The Group allows an average credit period of 30 days from the date of acceptance reports when the Group's right to consideration becomes unconditional. The extension of credit period to the customers may be granted on a discretionary basis by considering customer type, creditworthiness, financial condition and payment history.

The following is an analysis of trade and notes receivables by ageing, presented based on the dates when the Group has the right to bill, net of allowance for doubtful debts.

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
1-30 days	<b>552,647</b>	689,984
31-90 days	<b>159,543</b>	82,109
91-180 days	<b>129,541</b>	111,407
181-365 days	<b>97,040</b>	45,677
Over 365 days	<b>11,942</b>	12,780
	<b>950,713</b>	941,957

As at 30 June 2021, total notes receivables amounting to RMB68,373,000 (31 December 2020: RMB76,562,000) are held by the Group for settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the six months ended 30 June 2021. All notes receivables of the Group are with a maturity period of less than one year.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 13 IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Impairment loss recognised, net of reversal	14,754	5,827
	<b>14,754</b>	5,827

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months periods ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

### 14 TRADE AND NOTES PAYABLES

The following is an analysis of trade and notes payables by ageing, presented based on the payment obligation used by the Group's management to monitor the Group's financial position.

	30 June 2021 RMB'000	31 December 2020 RMB'000
1–90 days	212,135	79,538
91–180 days	15,129	13,922
181–365 days	14,042	12,171
366–730 days	15,426	15,338
Over 730 days	24,495	28,485
	<b>281,227</b>	149,454

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 15 SHARE CAPITAL

#### The Company

Details of the movement of share capital of the Company are as follows:

	Number of Shares	Nominal value per share	Share capital
<b>Authorised</b>			
At 30 June 2021 and 2020	800,000,000,000	HK\$0.0000000125	HK\$10,000
<b>Issued</b>			
At 31 December 2019	726,044,916	HK\$0.0000000125	HK\$9.08
Exercise of option	608,080	HK\$0.0000000125	HK\$0.01
Vesting of restricted stock units <sup>(iii)</sup>	<u>2,515,776</u>	HK\$0.0000000125	HK\$0.02
At 30 June 2020	<u>729,168,772</u>	HK\$0.0000000125	HK\$9.11
At 31 December 2020	915,767,433	HK\$0.0000000125	HK\$11.45
Exercise of option <sup>(i)</sup>	2,133,073	HK\$0.0000000125	HK\$0.03
Vesting of restricted stock units <sup>(iii)</sup>	<u>3,567,500</u>	HK\$0.0000000125	HK\$0.04
At 30 June 2021	<u>921,468,006</u>	HK\$0.0000000125	HK\$11.52
		<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Presented as		—	—

Notes:

- (i) During the six months ended 30 June 2021, the Company issued and allotted an aggregate number of 2,133,073 Shares, resulting from the exercise of options to certain employees and directors pursuant to the 2011 stock incentive plan, the Pre-IPO Share Option Scheme and 2019 Share Option Scheme.
- (ii) On 18 January 2020 and 2021, the Company issued and allotted 2,515,776 Shares and 3,567,500 Shares, respectively, resulting from the vesting of restricted share awards to certain employees and a director pursuant to the Pre-IPO Share Award Scheme approved and adopted on 26 June 2018.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 16 PURCHASE OF SHARES

During the six months ended 30 June 2021 and 2020, the Company purchased its Shares on the Stock Exchange as follows:

Month/year	Number of Shares purchased	Highest price	Lowest price	Aggregate price paid HK\$'000
		paid per Share HK\$	paid per Share HK\$	
April 2021	624,400	12.6638	12.2798	7,739
May 2021	1,120,400	12.9887	12.4227	14,239
June 2021	1,581,200	13.4055	12.8827	20,726
				42,704
May 2020	860,000	9.9454	9.7101	8,470
June 2020	2,613,600	10.4431	9.5400	26,590
				35,060

The Company purchased Shares through China International Capital Corporation (“CICC”) in 2021 and 2020. By 30 June 2021, the Company paid deposit amounted to HK\$120,000,000 (equivalent to RMB101,124,000) to CICC and has purchased 3,326,000 Shares at a total consideration of HK\$42,704,000 (equivalent to RMB36,558,000). By 30 June 2020, the Company paid deposit amounted to HK\$50,000,000 (equivalent to RMB45,586,000) to CICC and has purchased 3,473,600 Shares at a total consideration of HK\$35,060,000 (equivalent to RMB32,079,000).

### 17 COMMITMENTS

As at 30 June 2021, the Group was committed to acquire property, plant and equipment and intangible assets for its business operation amounting to approximately RMB7,177,000 (31 December 2020: RMB9,471,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 18 RELATED PARTY BALANCES AND TRANSACTIONS

#### (a) Balances with related parties

The outstanding balances related to transactions with related parties are included in the following accounts captions summarised as follows:

#### (i) Balances due from related parties

	30 June 2021 RMB'000	31 December 2020 RMB'000
<b>Trade and notes receivables:</b>		
— China Mobile Group	549,211	588,620
<b>Contract assets:</b>		
— China Mobile Group	921,664	863,108
<b>Amounts due from related parties:</b>		
Amounts due from fellow subsidiaries:		
— AsialInfo Technologies (Chengdu), Inc. (“AsialInfo Chengdu”)	10,444	6,654
— AsialInfo (Guangzhou) Software Service Ltd.	—	378
— AsialInfo Long Voyage Software (Beijing) Co., Ltd.	707	321
— AsialInfo Innovation Technologies (Nanjing) Co., Ltd.	486	96
Amounts due from shareholders:		
— China Mobile Group	4,150	2,784
	<b>1,486,662</b>	<b>1,461,961</b>

The carrying amounts of trade receivables from China Mobile Group as at 30 June 2021 included the original value and the loss allowance amounting to RMB551,507,000 (31 December 2020: RMB592,843,000) and RMB2,296,000 (31 December 2020: RMB4,223,000), respectively.

The carrying amounts of contract assets from China Mobile Group as at 30 June 2021 included the original value and the loss allowance amounting to RMB930,757,000 (31 December 2020: RMB875,327,000) and RMB9,093,000 (31 December 2020: RMB12,219,000), respectively.



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### 18 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

#### (a) Balances with related parties (Continued)

##### (i) Balances due from related parties (Continued)

The Group generally grants a credit period of 30 days to its related parties. Ageing of amounts due from related parties — trade nature, based on the dates when the Group has the rights to bill is set forth as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
1–90 days	1,028,227	1,058,788
91–180 days	203,625	282,081
181–365 days	232,364	96,470
Over 365 days	22,446	24,622
	<b>1,486,662</b>	<b>1,461,961</b>

The balances are unsecured, interest-free and repayable on demand.

The balance of non-trade nature related parties was nil as at 30 June 2021 and 31 December 2020.

##### (ii) Balances due to related parties

	30 June 2021 RMB'000	31 December 2020 RMB'000
<b>Contract liabilities:</b>		
— China Mobile Group	192,392	295,309
<b>Amounts due to related parties:</b>		
Amounts due to fellow subsidiaries:		
— AsiaInfo Chengdu	9,067	7,638
Amounts due to shareholders:		
— China Mobile Group	93	1,516
	<b>201,552</b>	<b>304,463</b>

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### 18 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

#### (a) Balances with related parties (Continued)

##### (ii) Balances due to related parties (Continued)

The average credit period granted by the related parties is 90 days. Ageing of amounts due to related parties — trade nature are as follows:

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
1-90 days	<b>124,688</b>	218,758
91-180 days	<b>25,348</b>	48,143
181-365 days	<b>42,538</b>	25,275
Over 365 days	<b>8,978</b>	12,287
	<b>201,552</b>	304,463

#### (b) The significant transactions with related parties during the period

For the six months ended 30 June 2021, the Group had the following major transactions with related companies:

	<b>30 June 2021 RMB'000</b>	30 June 2020 RMB'000
<b>Software business services provided to:</b>		
— China Mobile Group	<b>1,827,986</b>	N/A

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### 18 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

#### (c) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during both periods are as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Salaries and other benefits	4,635	4,225
Discretionary bonus	4,706	4,467
Contributions to retirement benefits scheme	112	55
Share-based compensation expenses	10,765	6,021
<b>Total emoluments</b>	<b>20,218</b>	<b>14,768</b>

The remuneration of the directors of the Company and key executives of the Group is determined having regard to the performance of individuals and market trends.